



Cabinet Meeting

19 July 2017

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| Report title | Revenue Budget Outturn 2016-2017 | |
| Decision designation | AMBER | |
| Cabinet member with lead responsibility | Councillor Andrew Johnson Resources | |
| Key decision | Yes | |
| In forward plan | Yes | |
| Wards affected | All | |
| Accountable director | Keith Ireland, Managing Director | |
| Originating service | Strategic Finance | |
| Accountable employee(s) | Claire Nye Tel Email | Director of Finance 01902 550478 Claire.Nye@wolverhampton.gov.uk |
| Report to be/has been considered by | Strategic Executive Board Confident Capable Council Scrutiny Panel | 20 June 2017 27 September 2017 |

Recommendations for noting:

The Cabinet is asked to note:

1. That the revenue outturn position for 2016-2017 for the General Fund; a net underspend of £266,000 (-0.12%) was achieved against the net budget requirement of £217.4 million, after meeting the net cost of redundancy and pension strain, after the use of capital receipt flexibility, and contributions to essential specific reserves.
2. That, whilst the positive General Fund outturn position during 2016-2017 and the resulting adjustments to reserves will help to support the Council's short term financial position, it does not address the challenging financial position that the Council finds itself in over the medium term; namely identifying an additional £20.5 million of budget reduction and income generation proposals over the two year period to 2019-2020.

Cabinet will be presented with a report at this meeting detailing the progress towards identifying £14.8 million of budget reduction and income generation proposals for 2018-2019.

3. That a comprehensive review of all services will be undertaken following the positive 2016-2017 General Fund outturn position to identify any new budget reduction or income generation opportunities; Cabinet will be provided with an update on progress in the October 2017 budget report.
4. That the General Fund outturn position takes into account a number of proposed transfers to and from reserves and provisions for which approval is sought in the Reserves, Provisions and Balances 2016-2017 report to be presented at this meeting.
5. That approval is sought in the Reserves, Provisions and Balances 2016-2017 report, to be presented at this meeting, to establish a Pension Deficit Recovery Reserve and to contribute £3.0 million from the General Fund revenue account during 2016-2017.
6. That schools under the control of the City of Wolverhampton Council drew down a net £3.4 million of their reserves during 2016-2017, taking the total accumulated reserves to £8.5 million at 31 March 2017.
7. That the Housing Revenue Account revenue outturn position for the year was a surplus before allocations of £19.3 million, compared to a budgeted surplus of £15.3 million.
8. That the draft financial statements of Yoo Recruit Limited will be subject to external audit.
9. That as a result of recruitment through Yoo Recruit Limited, the Council has been able to avoid fees which would have otherwise have been incurred, including approximately £225,000 in relation to the permanent recruitment of individuals who had been previously employed on a temporary basis through the agency.
10. That the Collection Fund outturned with a £3.3 million deficit during 2016-2017; this resulted in an overall deficit of £13.2 million to be carried forward. In 2014-2015, as a result of the adverse outturn against the Collection Fund, primarily owing to the impact of appeals against Business Rates, over which the Council has no control, Cabinet approved the establishment of a Business Rates Equalisation reserve to equalise the impact of appeals on the Council. In the Reserves, Provisions and Balances report to be presented to Cabinet at this meeting, approval is sought to bolster that reserve in 2016-2017 to support the Council over the medium term.
11. That 92 non-domestic rates accounts totalling £1,082,357.82 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
12. That 1,457 council tax accounts totalling £342,913.88 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

13. That 46 sundry debt accounts totalling £45,559.95 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
14. That 67 housing benefit debt accounts totalling £15,150.70 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

Recommendation for decision:

The Cabinet is recommended to:

1. Approve that the net surplus after taxation of £298,000 of Yoo Recruit Limited be retained by the company to enable further business development.
2. Approve the write off of 7 non-domestic rates totalling £192,133.08 as detailed in Appendix G.
3. Approve the write off of 2 housing benefit accounts totalling £14,662.89 as detailed in Appendix H.
4. Approve the write off of 4 council tax accounts totalling £23,104.94 as detailed in Appendix I.

1.0 Purpose

- 1.1 The purpose of this report is to inform Cabinet of the Council's revenue outturn position for 2016-2017 compared with approved budgets and targets.

2.0 Executive Summary

- 1.1 Overall a net underspend of £266,000 (-0.12%) was achieved against the General Fund net budget requirement of £217.4 million, after meeting the net cost of redundancy and pension strain after the use of capital receipt flexibility, and contributions to essential specific reserves.
- 1.2 In the Reserves, Provisions and Balances 2016-2017 report to be considered at this meeting, it is proposed that the Council make a contribution of £266,000 to the Efficiency Reserve as a result of the General Fund net underspend.
- 1.3 Whilst the positive General Fund outturn position during 2016-2017, and the resulting adjustments to reserves, will help to support the Council's short term financial position, it does not address the challenging financial position that the Council finds itself in over the medium term; namely identifying an additional £20.5 million of budget reduction and income generation proposals over the two year period to 2019-2020. Cabinet will be presented with a report at this meeting detailing the progress towards identifying £14.8 million of budget reduction and income generation proposals for 2018-2019.
- 1.4 It is important to note that the updated projected deficit assumes the achievement of budget reduction proposals amounting to £33.8 million over the three year period from 2017-2018 to 2019-2020. Over the last seven financial years the Council has identified budget reductions in excess of £200.0 million. This is the most significant financial challenge that the Council has ever faced.
- 1.5 The Council's General Fund Balance remains at £10.0 million; the minimum balance as determined in the Council's approved Reserves and Balances Policy. Emphasis therefore continues to be placed on identifying budget reduction and income generation proposals to meet the projected budget deficit over the medium term.
- 1.6 Schools remaining in the control of the local authority drew down a net £3.4 million of reserves during 2016-2017, taking the total accumulated reserves to £8.5 million at 31 March 2017. This is set against schools' projection of balances of £4.3 million at the end of 2016-2017. Therefore, actual balances are £4.2 million greater than forecast. The Directors of Education and Finance will continue to challenge those schools who hold surplus balances, aiming to gain an understanding of plans in place and whether they are appropriate.
- 1.7 The Housing Revenue Account revenue outturn position for the year was a surplus before allocations of £19.3 million, compared to a budgeted surplus of £15.3 million. In accordance with the strategy approved as part of the Business Plan adopted in January

2016, the HRA reserve has been maintained at £5 million and as such the surplus of £19.3 million has been used to pay down debt.

- 1.8 Yoo Recruit, the Council owned temporary staffing agency has now completed its first two years of trading. The company had a turnover of £10.0 million and a net surplus after tax of £298,000. It is proposed that the net surplus is retained by Yoo Recruit to enable further business development. As a result of recruitment through Yoo Recruit Limited, the Council has been able to avoid fees which would have otherwise have been incurred, including approximately £225,000 in relation to the permanent recruitment of individuals who had been previously employed on a temporary basis through the agency.
- 1.9 The Collection Fund outturned with a £3.3 million deficit during 2016-2017; this resulted in an overall deficit of £13.2 million to be carried forward.
- 1.10 The Director Finance has approved the write off of 1,662 debt accounts totalling £1.5 million in value.

3.0 Revenue Budget Outturn – General Fund Summary

- 1.1 An analysis of the Council's outturn position against General Fund revenue budgets for 2016-2017 is detailed in the table below. Further detailed analysis for each Directorate can be found in Appendices A to D.

Table 1 – 2016-2017 Revenue Budget Outturn Summary

| | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variation Over/(Under) | |
|--|--|---|---------------------------|---------------|
| | | | £000 | % |
| People | 113,219 | 113,094 | (125) | -0.11% |
| Place | 42,029 | 41,057 | (972) | -2.31% |
| Corporate Services (including Education) | 33,673 | 36,476 | 2,803 | 8.32% |
| Corporate Budgets | 28,429 | 27,054 | (1,375) | -3.90% |
| Net Budget Requirement | 217,350 | 217,681 | 331 | 0.15% |
| Government Grant (General) | (92,622) | (93,371) | (749) | -0.81% |
| Business Rates | (37,805) | (37,805) | - | 0.00% |
| Enterprise Zone Business Rates | (1,532) | (1,379) | 153 | 9.98% |
| Council Tax | (86,036) | (86,036) | - | 0.00% |
| Collection Fund Deficit | 2,237 | 2,236 | (1) | 0.02% |
| Business Rates Equalisation Reserve | (1,592) | (1,592) | - | 0.00% |
| Total Resources | (217,350) | (217,947) | (597) | -0.27% |
| Use of General Balances | - | - | - | 0.00% |
| Net Budget (Surplus) / Deficit | (0) | (266) | (266) | -0.12% |

- 1.2 As can be seen from the table above, overall a net underspend of £266,000 (-0.12%) was achieved against the General Fund net budget requirement of £217.4 million, after meeting the net cost of redundancy and pension strain, after the use of capital receipt flexibility, and contributions to essential specific reserves.
- 1.3 Part of the underspend arising within the 2016-2017 General Fund outturn is already factored into the Council's Medium Term Financial Strategy; in some cases budget reduction proposals have been achieved earlier than anticipated. However, a comprehensive review of all services will be undertaken following the positive 2016-2017 General Fund outturn position to identify any new budget reduction or income generation opportunities; Cabinet will be provided with an update on progress in the October 2017 budget report.
- 1.4 Whilst the positive General Fund outturn position during 2016-2017, and the resulting adjustments to reserves, will help to support the Council's short term financial position, it

does not address the challenging financial position that the Council finds itself in over the medium term; namely identifying an additional £20.5 million of budget reduction and income generation proposals over the two-year period to 2019-2020. Cabinet will be presented with a report at this meeting detailing the progress towards identifying £14.8 million of budget reduction and income generation proposals for 2018-2019.

- 1.5 The Council's General Fund Balance remains at £10.0 million; the minimum balance as determined in the Council's approved Reserves and Balances Policy. Emphasis therefore continues to be placed on identifying budget reduction and income generation proposals to meet the projected budget deficit over the medium term.
- 1.6 It is important to note, that the General Fund outturn position takes into account proposed transfers to and from reserves and provisions. Full details regarding reserve transfers are included in the Reserves, Provisions and Balances 2016-2017 report, for which approval will be sought at this meeting.

4.0 Revenue Budget Analysis per Directorate

People

- 1.7 A summary of the 2016-2017 outturn against the People net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix A.

Table 2 – 2016-2017 Revenue Budget Outturn – People

| Service | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variation | |
|-------------------------------------|--|---|----------------------|---------------|
| | | | Over/(Under) £000 | % |
| Strategic Director and Safeguarding | 3,828 | 3,983 | 155 | 4.04% |
| Older People | 25,928 | 26,029 | 101 | 0.39% |
| Disability & Mental Health | 38,034 | 39,765 | 1,731 | 4.55% |
| Children & Young People | 45,428 | 43,324 | (2,104) | -4.63% |
| Public Health & Wellbeing | - | (7) | (7) | 0.00% |
| People Total | 113,219 | 113,094 | (125) | -0.11% |

- 1.8 Overall, a net underspend of £125,000 (-0.11%) for the year was achieved by the People Directorate. The main factors for each service directorate contributing towards the net underspend are detailed as follows:
- Strategic Director and Safeguarding** – There was a net overspend of £155,000 mainly due to the appointment of additional independent review Officers within Children's Safeguarding (£187,000).

2. **Older People** – There is a net overspend of £101,000 mainly as a result of pressures on care purchasing budgets due to increased demand for support for Older People Assessment & Care Management service (totalling £1 million). This is offset partially by underspends mainly from within:
 - a. The Carer Support service which has underspent by £501,000 as a result of support packages being coded against the individuals rather than the carer, therefore the costs will be within other services across Adults,
 - b. The Community Support Service which is reporting an underspend of £113,000 due to efficiencies on employee costs and,
 - c. Following the Senior Management restructure an underspend of £134,000 is being reported due to the early achievement of a 2017-2018 budget reduction target.
3. **Disability & Mental Health** – There was a net overspend of £1.7 million within this service directorate resulting from various factors including:
 - a. Cost pressures across care purchasing budgets along with slippage on budget reduction targets within Learning Disabilities Assessment & Care Management (£2.1 million),
 - b. Slippage of budget reduction targets also on Learning Disability Provider (£395,000); this will be delivered in full in 2017-2018.
 - c. The Emergency Duty Team has overspent as a result of employing agency staff covering three long term staff absences (£129,000); this has now been resolved.

These overspend have been partly offset by underspends within the following services:

 - d. The Disabilities Service has underspent by £223,000 as a result of the early achievement of a 2017-2018 budget reduction target.
 - e. The Mental Health Commissioning service has underspent by £182,000 as a result of efficiencies on contract budgets whilst the Physical Disabilities Assessment service underspent by £147,000 as a result of efficiencies across staffing budgets.
 - f. The service supporting Children with Disabilities has underspent by £392,000 due to a change of pattern in shortbreaks including reduction in activity in overnight residential short breaks.
4. **Children & Young People** – There was a net underspend of £2.1 million within the service, which has arisen primarily as a result of:

- a. The early achievement of budget reduction proposals linked to Youth Offending and Looked After Children totalling £1.3 million.
- b. Staff vacancies as a result of service redesign for Specialist Support and Early Intervention have also contributed to the overall underspend by £1.1 million.
- c. The Inclusion Support service has also contributed to the underspend by £233,000 as a result of efficiencies across this service and the generation of increased income.

However, these savings are offset partly by an overspend of £466,000 on the Child Protection service due to increased costs in Section 17 payments including no recourse to public funds (NRPF).

Place

- 1.9 A summary of the 2016-2017 outturn against the Place net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix B.

Table 3 – 2016-2017 Revenue Budget Outturn – Place

| Service | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variation | |
|------------------------------|--|---|----------------------|---------------|
| | | | Over/(Under) £000 | % |
| Directorate | 459 | 384 | (75) | -16.31% |
| City Economy | 7,189 | 7,125 | (64) | -0.89% |
| Corporate Landlord | 8,646 | 7,960 | (686) | -7.94% |
| Strategic Director - Housing | 1,788 | 1,798 | 10 | 0.55% |
| City Environment | 23,947 | 23,790 | (157) | -0.65% |
| Place Total | 42,029 | 41,057 | (972) | -2.31% |

- 1.10 Overall a net underspend of £972,000 (-2.31%) for the year was achieved by the Place Directorate. The main factors contributing towards the underspend are detailed as follows:

1. **City Economy** – There was a net underspend of £64,000 within the service directorate which has arisen primarily as a result of an underspend against the Skills service due to large savings on Connexions. This underspend was offset by an overspend within Visitor Economy due to the Civic Hall being closed for refurbishment programme and some pressure associated with staffing costs as a result of abolishing zero hour contracts.

2. **Corporate Landlord** – This service directorate outturned with a £686,000 underspend mainly as a result of underspends within the following services:
- a. Corporate Asset Management as a result of savings achieved on utility costs due to change in accounting treatment and reduced costs as a result of building closures (£1.2 million).
 - b. Estate and Valuations service underspent by £356,000 because of additional income being received from former HRA shops and increased rental income as well as income stream from i10.
 - c. Maintenance Programme is showing a surplus of £113,000 as a result of additional income received from school SLA.

However, these underspends are offset partially by an overspend totalling £596,000 on Facilities Management due to increased costs for the management of vacant properties. Alongside this, the Capital Programme service outturned at an overspend of £382,000 primarily due to the change in accounting treatment of capitalised salaries and part under recovery of employee costs.

3. **City Environment** – There was a net underspend of £157,000 for the service directorate, which has arisen as a result of various factors including:
- a. Bringing in-house of the West Area grounds maintenance contract within Environmental Maintenance totalling £798,000.
 - b. Reduced energy costs within the Street Lighting service resulting in an underspend of £111,000.
 - c. Underspends against the Public Protection service as a result of staff vacancies and additional enforcement income being received totalling £222,000 and
 - d. Additional income and general efficiency savings within the Operation & Maintenance of Network service totalling £102,000.

These savings were partly offset by an overspend of £184,000 within Transportation primarily due to the change in accounting treatment of capitalised salaries and part under recovery of costs. The Waste and Recycling service outturned with a deficit of £809,000 due to a savings target which could not be achieved in 2016-2017. The savings have been re-profiled in the MTFS.

Corporate Services (including Education)

- 1.11 A summary of the 2016-2017 outturn against the Corporate Services (including Education) net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix C.

Table 4 – 2016-2017 Revenue Budget Outturn – Corporate Services (incl Education)

| Service | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variation | |
|--|---|--|----------------------|--------------|
| | | | Over/(Under) £000 | % |
| Directorate | 1,433 | 1,213 | (220) | -15.34% |
| Corporate Services | 23,706 | 23,237 | (469) | -1.98% |
| Governance | 6,772 | 6,139 | (633) | -9.35% |
| Education | 1,762 | 5,887 | 4,125 | 234.14% |
| Corporate Services (incl Education) Total | 33,673 | 36,476 | 2,803 | 8.32% |

1.12 Overall a net overspend of £2.8 million (8.32%) for the year was achieved by Corporate Services including Education. The main factors contributing towards the overspend are detailed as follows:

1. **Directorate** – An underspend of £220,000 has arisen due to vacancies held across the Corporate Business Support service.
2. **Corporate Services** – There was a net underspend of £469,000 within the service directorate, which has primarily arisen as a result of:
 - a. Underspends within Audit Services (£254,000) and Corporate Communications (£265,000) due to unfilled vacancies held by both services.
 - b. A managed underspend of £918,000 on Central Corporate budgets to offset overspends within the other services within Corporate Services. These include an overspend of £300,000 on Commercial Services as a result of additional resources required to improve contract efficiencies and commercialisation, in addition to the slower delivery of savings within Customer Services required in order to maintain service levels during an extensive programme of technological improvements. This was monitored and identified in quarterly update reports to Cabinet (Resources) Panel throughout the financial year, and is the reason for the outturn variance against budget. It is important to note that £500,000 savings were identified during 2016-17 and that the Customer Services savings in the Medium Term Financial Strategy have been re-profiled to reflect updated delivery timescales.
3. **Governance** – There was a net underspend of £663,000 within the service directorate primarily as a result of underspends against the Human Resources service totalling £577,000 as a result of lower than anticipated spend against a

range of corporate training budgets and vacancies arising as former Transformation Division teams were amalgamated within the service. In addition to this, the Legal Service underspent by £105,000 as a result of higher than anticipated income levels.

4. **Education** - There was a net overspend of £4.1 million within the Education Directorate which has arisen primarily as a result of overspends in the following services:
 - a. An overspend of £170,000 for Director of Education mainly due to savings targets not being met and increased costs relating to the Director of Education.
 - b. School Planning and Resources overspent by £619,000 as a result of increased transport costs.
 - c. Standards and Vulnerable Pupils overspent by £632,000. During 2016-2017 there were increased out of city placements which resulted in increased payments.
 - d. Schools overspent by £2.7 million primarily due to £2.1 million of academy deficits being charged to the General Fund. Councils are legally obliged to fund deficits for schools where forced academisation takes place. In addition to this, Schools also received £170,000 less Education Support Grant than originally anticipated for 2016-2017.

Corporate Budgets

- 1.13 A summary of the 2016-2017 outturn against the Corporate Budgets net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix D.

Table 5 – 2016-2017 Revenue Budget Outturn – Corporate Budgets

| Service | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variation | |
|--------------------------------|--|---|----------------------|---------------|
| | | | Over/(Under) £000 | % |
| Corporate Budgets | 28,429 | 27,054 | (1,375) | -3.90% |
| Corporate Budgets Total | 28,429 | 27,054 | (1,375) | -3.90% |

- 1.14 **Corporate Budgets** – There was a net underspend of £1.4 million within Corporate Budgets. The main factors contributing towards the underspend are as follows:

- a. **Redundancy Costs** – Redundancy and pension strain payments totalling £3.6 million were incurred against the corporate budget during 2016-2017. Throughout 2016-17 it was anticipated that redundancy costs would be funded by underspends against the Central Provision for Auto-enrolment and Pay Award Costs, in addition to Capital Receipts flexibility announced by the Secretary of State.
- b. **Treasury Management** – There was a net underspend of £1.7 million against the Corporate Treasury Management budget, primarily as a result of re-phasing in the capital programme and in prudent management of Treasury.
- c. **Central Provision for Auto-enrolment and Pay Award Costs** – There was a £4.6 million underspend against the budget for auto-enrolment and pay award costs as the provision was not required in 2016-2017. This underspend has helped to offset overspends elsewhere within corporate budgets including redundancy costs.
- d. **Provision for Bad Debts** – The adjustment to the provision for bad debts in was £1.0 million greater than the budget of £200,000 for 2016-2017. As the age of the debt increases the likelihood of collection reduces, therefore a greater provision for bad debts has been created in 2016-2017. Work will be undertaken during 2017-2018 to further improve the collection performance of outstanding debts, in addition to this a review of the provision methodology will be undertaken to account for the likelihood of collection after twelve months. The overspend against this line within Corporate Budgets was offset by underspends against the Central Provision for Auto-enrolment and Pay Award Costs as detailed above.

4.9 It is important to note that, Cabinet approval is sought in the Reserves, Provisions and Balances 2016-2017 report, to be presented at this meeting, to establish a Pension Deficit Recovery Reserve and to contribute £3.0 million from the General Fund revenue account during 2016-2017. In October 2016, Cabinet delegated authority to the Cabinet Member for Resources in consultation with the Director of Finance to explore the option of making further pension contributions to West Midlands Pension Fund in 2017-2018, in order to reduce the total costs and secure on-going budget reductions to support the budget challenge that the Council would face in future years.

5.0 Reserves, Provisions and Balances

- 1.1 A report detailing the Council's reserves, provisions and balances as at 31 March 2017 will be received at this meeting. The report, titled 'Reserves, Provisions and Balances 2016-2017', will seek approval for transfers to and from reserves, provisions and balances.
- 1.2 At the beginning of 2016-17 a balance of £10.0 million was held within the General Fund reserve. The General Fund Balance remains at £10.0 million as at 31 March 2017. This is the minimum balance as determined by the Council's policy on reserves and balances. Emphasis therefore continues to be placed on identifying budget reductions and income generation proposals to meet the projected budget deficit over the medium term.

- 1.3 It is important to note that the positive General Fund outturn position during 2016-2017, and the resulting adjustments to reserves, will help to support the Council's short term financial position. It does not, however, address the challenging financial position that the Council finds itself in over the medium term; namely identifying an additional £20.5 million of budget reduction and income generation proposals over the two-year period to 2019-2020. Cabinet will be presented with a report at this meeting detailing the progress towards identifying £14.8 million of budget reduction and income generation proposals for 2018-2019.

6.0 Outturn on Schools' Budgets

- 1.1 Schools that remain in local authority control started the 2016-2017 financial year with accumulated reserves of £11.9 million. At the end of the year revenue balances for these schools were £8.5 million, a reduction of £3.4 million. This remaining balance of £8.5 million represents 8.09% of the funding and income available to schools during 2016-2017.
- 1.2 The Directors of Education and Finance will continue to challenge those schools who hold surplus balances, aiming to gain an understanding of plans in place and whether they are appropriate.
- 1.3 Further details on schools' finances for 2016-2017 are shown at Appendix E.

7.0 Housing Revenue Account

- 7.1 The table below provides the Housing Revenue Account (HRA) revenue outturn for 2016-2017 compared to the approved budget. It is important to note that debt redemption, in order to enable future years' capital expenditure, is a critical element of the business plan and as such in-year surpluses are committed and not generally available.

Table 6 – Housing Revenue Account Revenue Outturn 2016-2017

| | Budget £000 | Outturn £000 | Variation £000 |
|--|------------------------|-------------------------|---------------------------|
| Total income | (98,674) | (99,471) | (797) |
| Total expenditure | 70,095 | 69,410 | (685) |
| Net cost of HRA services | (28,579) | (30,061) | (1,482) |
| Interest payments and receipts | 13,273 | 10,793 | (2,480) |
| (Surplus)/deficit before transfers to/from reserves and provision for redemption of debt | (15,306) | (19,268) | (3,962) |
| <i>Allocation of (surplus)/deficit</i> | | | |
| Provision for redemption of debt | 15,306 | 19,268 | 3,962 |
| Balance for the year | - | - | - |

- 7.2 The table above, which is shown in more detail at Appendix F, shows the 2016-2017 revenue outturn against budget for the Housing Revenue account (HRA). The outturn position for the year is a surplus of £19.3 million, compared to a budgeted surplus of £15.3 million. The additional surplus of £4.0 million will be used to redeem debt to comply with the Council's approved HRA Business Plan.
- 7.3 The main forecast variance was an underspend of £2.5 million on interest payable which was primarily due to slippage on the HRA capital programme.
- 7.4 Rental income from dwellings was £800,000 higher than budgeted due to a reduction in time taken to re-let empty properties.
- 7.5 Overall expenditure was £700,000 lower than budgeted generally due to underspends on repairs and maintenance and supervision and management costs.

8.0 Yoo Recruit Limited

Financial Summary

- 1.1 On the 7 January 2014 Cabinet (Resources) Panel approved the structure of a Council owned temporary staffing agency. Yoo Recruit has now completed the first three years of trading. The table below summarises the financial position for the 2016-2017 financial year; the company had a turnover of £10.0 million and a net surplus after tax of £298,000. It is proposed that the net surplus is retained by Yoo Recruit to enable business development. The financial statements of Yoo Recruit Limited will be subject to external audit.

Table 7 – Yoo Recruit Financial Statement 2016-2017

| | £000 |
|------------------------------------|------------|
| Sales | 10,018 |
| Direct Expenses | (9,173) |
| Gross Surplus | 845 |
| Overheads | (472) |
| Net Surplus before taxation | 375 |
| Taxation | (75) |
| Net Surplus after taxation | 298 |

- 1.2 As a result of recruitment through Yoo Recruit Limited the Council has been able to avoid fees which would have otherwise have been incurred. These include approximately £225,000 in 2016-2017 in relation to the permanent recruitment of individuals who had

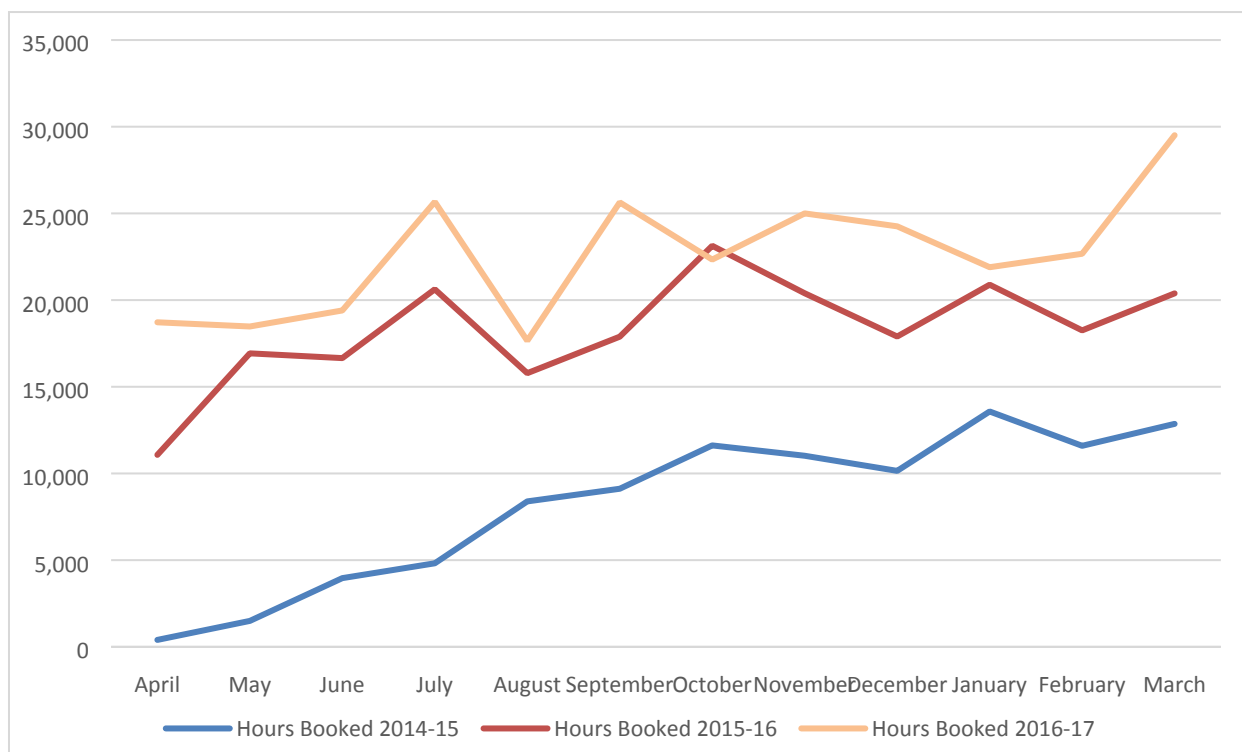
been previously employed on a temporary basis through the agency. Ordinarily the Council could expect to pay a fee for the transfer of temporary staff to permanent posts.

- 1.3 On the 22 July 2015 Cabinet approved a loan of £300,000 to Yoo Recruit Limited in order to maintain the cash flow and, therefore, enable further business development. The loan was repaid in 2016-2017.

Operational Data

- 1.4 During 2016-2017 approximately 271,221 hours of work were booked through Yoo Recruit. Graph 1 illustrates the hours booked per month and demonstrates a steady increase both over the course of the year, and from 2014-2015.

Graph 1 – Yoo Recruit, Hours Booked per Month



- 1.5 Over the course of the year a total of 17,553 individual bookings were made by clients and a total of 774 workers were employed to fulfil the bookings.

2.0 Collection Fund

- 2.1 The Collection Fund outturned with a £3.3 million deficit during 2016-2017 and this resulted in an overall deficit of £13.2 million to be carried forward. The Collection Fund income comes from receipts of Council Tax and Business Rates, also referred to as Non Domestic Rates (NDR) collected from tax payers during the year and any balances from previous years. The £3.3 million deficit outturned as a result of £2.0 million deficit on Council Tax and £1.3 million deficit for Business Rates.

- 2.2 The Collection Fund opening balance for Council Tax was a surplus of £2.8 million and combined with the in-year deficit results in a surplus balance of £759,000 to be carried forward.
- 2.3 The Collection Fund opening balance for Business Rates was a deficit of £12.7 million and combined with the in year deficit results in a deficit balance of £14.0 million to be carried forward.
- 2.4 In 2014-2015, as a result of the adverse outturn against the Collection Fund, primarily owing to the impact of appeals against Business Rates, over which the Council has no control, Cabinet approved the establishment of a Business Rates Equalisation reserve to equalise the impact of appeals on the Council. In the Reserves, Provisions and Balances report to be presented to Cabinet at this meeting, approval is sought to increase that reserve in 2017-2018 to support the Council over the medium term.

10.0 Debt Write Offs

- 10.1 Debts are only written off as a last resort, when all feasible recovery action has been exhausted. If the situation surrounding an individual case changes in the future, appropriate steps would be taken to pursue the debt, despite the debt having been formally written off in the Council's accounts.
- 10.2 **The Collection Fund** - the City of Wolverhampton Council acts as billing and collecting authority for council tax and non-domestic rates income. The Council administers a separate Collection Fund account for this purpose. The Collection Fund accounts for the receipt of council tax and business (non-domestic) rates income and payments to precepting authorities such as the Fire Authority and the Police. Within this account, provisions are made for bad and doubtful debts and any write offs are charged to the Council Tax or Business Rates provision as appropriate.
 - 10.2.1 **Council Tax** - Overall, 1,461 debt write offs totalling £366,018.82 have been incurred. All except 4 totalling £23,104.94, which require the approval of this Panel (see Appendix I), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
 - 10.2.2 **Non-Domestic Rates** - Overall, 99 debt write offs totalling £1,274,490.90 have been incurred. All but seven valued at £192,133.08 in total, which require the approval of this Panel (see Appendix G), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 10.3 **Sundry Debtors** - Income is due to the council for a wide range of services provided to individuals and businesses. To reflect the fact that, despite the council's best efforts, not all of this income will actually be collected, the council makes provision for bad and doubtful debts, which it charges directly to the General Fund. Overall, 46 debt write offs totalling £45,559.95 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

- 10.4 **Housing Benefits** - Housing benefit overpayments occur when rent rebate or rent allowance awards exceed a recalculated entitlement. Whilst the Council aims to limit the incidence of overpayments they may occur for a number of reasons including as a result of fraud or error. In general, overpaid benefit is written off in line with Government guidance where recovery would cause hardship, where the debtor has died or cannot be traced.
- 10.5 The Council receives Government subsidy in respect of overpaid housing benefit at rates of between 40% and 100% according to the circumstances in which the overpayment arose. The unsubsidised element of any overpayment is charged to the General Fund.
- 10.6 Overall 69 debt write offs totalling £29,813.59 have been incurred during the period. All but two valued at £14,662.89 in total, which require the approval of this Panel (see Appendix H), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 10.7 As a result of the information detailed in paragraphs 10.3 – 10.6 above, the Director of Finance has approved the write off of 1,662 debt accounts totalling £1.5 million in value.

11.0 Financial Implications

- 11.1 The financial implications are detailed in the body of the report.
[MH/04072017/G]

12.0 Legal Implications

- 12.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.
- 12.2 The General Power of Competence, contained in Section 1 (1) the Localism Act 2011 gives eligible local authorities, , "*the power to do anything that individuals generally may do*" as long as they do not break other laws. This includes the power to lend or invest money and to set up a company to trade and engage in commercial activity.
- 12.3 The provision of a 'soft' loan where there is an artificially low rate of interest or it is non-interest bearing can constitute State Aid under European legislation. The Council will avoid any question of their being State Aid if it can show that the loan agreement terms including the amount and the length of the loan and the interest rate under which the loan is repayable corresponds to normal market conditions i.e. it is on commercially acceptable terms. This will be the case here.
[TS/05072017/Q]

13.0 Equality Implications

- 13.1 As this report provides details of the outturn for 2016-2017, there are no equalities implications arising from it. The necessary equalities analyses were carried out as part of the preparations for setting the 2016-2017 and 2017-2018 budgets, and will similarly form part of the requisite pre-work for 2018-2019.

14.0 Environmental Implications

- 14.1 The Council's annual budget and medium term financial strategy support a range of programmes designed to both improve environmental conditions across the city and promote economic and community development.

15.0 Background Papers

Draft Budget and Medium Term Financial Strategy 2018-2019 – 2019-2020, report to Cabinet, 19 July 2017.

Reserves, Provisions and Balances 2016-2017, report to Cabinet, 19 July 2017.

2017-18 Budget and Medium Term Financial Strategy 2017-18 – 2019-20, report to Cabinet, 22 February 2017.

APPENDIX A

Revenue Budget Outturn 2016-2017 – People

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|---------------------------|--|---|--|-------------------------------|--|
| Directorate | | | | | |
| Strategic Director People | | 1,887 | 1,855 | (32) | - |
| Safeguarding | The overspend is mainly due to the appointment of additional Independent Review Officers along with increased costs against the Children's Safeguarding Board. | 1,941 | 2,128 | 187 | (7) |
| Total Directorate | | 3,828 | 3,983 | 155 | (7) |

Appendix A

Revenue Budget Outturn 2016-2017 – People

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-17 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|---|---|---|--|--------------------------|---|
| Older People | | | | | |
| Business Support | | 71 | 74 | 3 | - |
| Carer Support | The underspend is as result of support packages being coded against the individual rather than the carer. Costs will therefore be shown against service budgets. The coding of packages within Care First will be explored during 2017-18 | 1,292 | 791 | (501) | - |
| Community Support | The underspend is as a result of efficiencies on employee costs. | 993 | 880 | (113) | - |
| Independent Living Service | | 2,303 | 2,253 | (50) | - |
| Older People Assessment & Care Management | The overspend is a result of cost pressures across care purchasing budgets due to increased demand for support | 14,826 | 15,851 | 1,025 | (283) |
| Older People Commissioning | - | | | - | - |
| Older People Provider Services | | 4,004 | 4,054 | 49 | - |
| Quality Assurance and Policies | | 287 | 207 | (80) | - |
| Service Director Older People | The underspend is due to the early achievement of a 2017-18 Budget Reduction Target. | 592 | 458 | (134) | - |
| Welfare Rights & Financial Assessment | | 1,560 | 1,461 | (99) | - |
| Total Older People | | 25,928 | 26,029 | 101 | (283) |

Appendix A

Revenue Budget Outturn 2016-2017 – People

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|--|--|---|--|----------------------------|---|
| Disability & Mental Health | | | | | |
| Service Director Disability & Mental Health | | 96 | 143 | 47 | |
| All Age Disability (Disabilities) | The underspend is due to the early achievement of a 2017-18 Budget Reduction Target. | 1,846 | 1,624 | (223) | |
| Better Care Fund | | - | 12 | 12 | |
| Children With Disabilities | The underspend mainly on residential short breaks. | 2,338 | 1,946 | (392) | |
| Children's Disability Commissioning | | 50 | 40 | (10) | |
| Emergency Duty Team | The overspend is as a result of employing agency staff covering long term staff absences. | 456 | 585 | 129 | |
| Joint Commissioning Younger Adults | | | | - | |
| Learning Disability Assessment & Care Management | The overspend is due to cost pressures across care purchasing budgets; including greater expenditure relating to prior years higher than projected and slippage on Budget Reduction Targets. | 17,668 | 19,720 | 2,052 | (123) |
| Learning Disability Provider | The overspend relates to slippage on the Budget Reduction Target across in-house services. Target will be delivered in full in 2017-18. | 4,640 | 5,035 | 395 | |
| Mental Health Assessment & Care Management | | 4,476 | 4,453 | (23) | (59) |

Appendix A

Revenue Budget Outturn 2016-2017 – People

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|---|---|---|--|-------------------------------|--|
| Mental Health Commissioning | The underspend is due to efficiencies on contract budgets across the service | 867 | 686 | (182) | |
| Physical Disabilities Assessment | The underspend is mainly due to efficiencies across staffing budgets due to vacancies and associated budgets. | 5,203 | 5,056 | (147) | (5) |
| Short Breaks Commissioning | | 394 | 465 | 72 | |
| Total Disability & Mental Health | | 38,034 | 39,765 | 1,731 | (187) |

Revenue Budget Outturn 2016-2017 – People

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|--|---|---|--|-------------------------------|--|
| Children & Young People | | | | | |
| Service Director Children & Young People | | (237) | (181) | 56 | |
| Child Protection | The overspend is due to increased costs in relation to Section 17, including no recourse to public funds (NRPF) totalling £550,000, offset in part by efficiencies on the Contact contract. | 6,522 | 6,988 | 466 | |
| Children's Commissioning | | 619 | 537 | (82) | |
| Early Intervention | The underspend is as a result of one off savings due to staff vacancies following the Children Services re-design. | 4,187 | 3,647 | (540) | 132 |
| Early Years | | 496 | 528 | 32 | (440) |
| Inclusion Support | The underspend is a result of efficiencies across the service and the generation of increased income | 683 | 450 | (233) | 130 |
| Looked After Children | The underspend is mainly due to the early achievement of Budget Reduction targets across LAC (£2.2 million), this is off set in part by pressures on adoption /residence order allowances of £1 million and the creation of a reserve to support the Multi Agency Safeguarding Hub (MASH) . | 29,181 | 28,197 | (984) | 406 |

Appendix A

Revenue Budget Outturn 2016-2017 – People

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|--|--|---|--|-------------------------------|--|
| Social Inclusion & Play Service | | | | - | |
| Specialist Support | The underspend is as a result of one off savings due to staff vacancies following the Children Services re-design. | 2,740 | 2,227 | (513) | |
| Youth Offending | The underspend is due to the early achievement of the Budget Reduction Target (£150,000) along with one off efficiencies due to staff vacancies. | 1,236 | 931 | (305) | |
| Youth Services | | - | | - | |
| Total Children & Young People | | 45,428 | 43,324 | (2,104) | 228 |

Appendix A

Revenue Budget Outturn 2016-2017 – People

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|--|-------------------------------|---|--|-------------------------------|--|
| | | | | | |
| | | | | | |
| Public Health & Wellbeing | | | | | |
| Service Director Public Health & Wellbeing | | - | - | - | (1,079) |
| Business Continuity & Emergency Planning | | - | - | - | |
| Commissioning | | - | - | - | |
| Community Safety | | - | - | - | (135) |
| Contracts | | - | - | - | |
| Health Protection & NHS Facing | | - | - | - | |
| Healthier Places Service | | - | (7) | (7) | (98) |
| Intelligence & Evidence | | - | - | - | |
| Management and Administration | | - | - | - | |
| Sports Development | | - | - | - | (61) |
| Transformation - Public Health | | - | - | - | (344) |
| Total Public Health & Wellbeing | | - | (7) | (7) | (1,717) |
| | | | | | |
| Total People | | 113,219 | 113,094 | (125) | (1,966) |

APPENDIX B

Revenue Budget Outturn 2016-2017 – Place

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|-------------------------------|---|--|---|-------------------------------|---|
| Directorate | | | | | |
| Strategic Director Place | | 459 | 384 | (75) | (79) |
| Total Directorate | | 459 | 384 | (75) | (79) |
| City Economy | | | | | |
| Adult Education | | (145) | (145) | (0) | - |
| City Development | | 549 | 518 | (31) | (551) |
| Enterprise | | 691 | 635 | (56) | - |
| Library Services | | 1,462 | 1,406 | (56) | (21) |
| Planning | The underspend has arisen as a result of over achieving against income budgets | 833 | 753 | (79) | (95) |
| Service Director City Economy | | 136 | 133 | (3) | - |
| Skills | The underspend is a result of large saving achieved on Connexions Contract. | 2,135 | 1,971 | (164) | (201) |
| Visitor Economy | The overspend within Visitor Economy is due to the Civic Hall being closed due to a refurbishment programme and as a result of some pressure associated with staffing costs as a result of abolishing zero hour contracts | 1,529 | 1,854 | 325 | (15) |
| Total City Economy | | 7,189 | 7,125 | (64) | (882) |

APPENDIX B

Revenue Budget Outturn 2016-2017 – Place

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|----------------------------|---|--|---|-------------------------------|--|
| Corporate Landlord | | | | | |
| Capital Programme | An overspend primarily due to the change in accounting treatment of capitalised salaries and part under recovery of costs through PCB | (195) | 188 | 382 | (2) |
| Catering | | (1,573) | (1,569) | 3 | - |
| Cleaning | | 995 | 1,007 | 11 | - |
| Corporate Asset Management | The underspend is due to savings on utilities due to a change in accounting treatment and reduced costs as a result of building closures. The underspend is offset by additional costs relating to the disposal of buildings. | 8,403 | 7,225 | (1,178) | (305) |
| Corporate Landlord Support | | 489 | 452 | (37) | - |
| Estates and Valuations | The underspend is as a result of receiving additional income from former HRA shops, increased rental income as well as income stream for I10. | (2,663) | (3,020) | (356) | 3 |
| Facilities Management | The overspend is due to increased costs for management of vacant properties which is partly reflected through underspend on energy and NNDR shown above and partly offset by estates rental income. | 939 | 1,535 | 596 | - |
| Head of Corporate Landlord | | 283 | 289 | 5 | (37) |
| Maintenance Programme | An underspend is due to receiving additional income from schools SLA which is offset by corresponding costs in Facilities Management above. | 1,967 | 1,854 | (113) | - |
| Corporate Landlord | | 8,646 | 7,960 | (686) | (341) |

APPENDIX B

Revenue Budget Outturn 2016-2017 – Place

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|---|-------------------------------|---|--|-------------------------------|--|
| | | | | | |
| Strategic Director Housing | | | | | |
| Housing | | 1,788 | 1,798 | 10 | - |
| Total Strategic Director Housing | | 1,788 | 1,798 | 10 | - |

APPENDIX B

Revenue Budget Outturn 2016-2017 – Place

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|---|---|--|---|-------------------------------|---|
| City Environment | | | | | |
| Service Director City Environment | | 124 | 127 | 3 | - |
| Bereavement Services | | (2,108) | (2,122) | (13) | 400 |
| Environmental Maintenance | An underspend is primarily due to the bringing in-house of the West Area grounds maintenance contract | 6,974 | 6,176 | (798) | - |
| Fleet Services | | (527) | (470) | 57 | - |
| Highways Maintenance | | 1,981 | 2,045 | 64 | - |
| Landscape | | (24) | 4 | 27 | - |
| Operation & Maintenance of Existing Network | An underspend is due to receiving additional income and achieving general efficiency savings | 991 | 890 | (102) | - |
| Parking Services | Increased car parking and bus lane enforcement income offset by associated additional costs | (2,293) | (2,348) | (56) | 400 |
| Public Protection | An underspend as a result of savings due to staff vacancy and additional enforcement income received during the year. | 2,085 | 1,863 | (222) | - |
| Street Lighting | An underspend as a result of reduced energy costs | 2,795 | 2,684 | (111) | - |
| Transportation | The overspend is primarily due to the change in accounting treatment of capitalised salaries and part under recovery of costs | 639 | 823 | 184 | - |
| Waste and Recycling Service | The overspend is due to unachieved savings which have been re-profiled in the updated MTFS | 13,310 | 14,119 | 809 | (14) |
| Total City Environment | | 23,947 | 23,790 | (157) | 786 |
| | | | | | |
| Total Place | | 42,029 | 41,057 | (972) | (516) |

APPENDIX C

This report is PUBLIC
[NOT PROTECTIVELY MARKED]

Revenue Budget Outturn 2016-2017 – Corporate Services (including Education)

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|----------------------------|--|---|--|-------------------------------|--|
| | | | | | |
| Directorate | | | | | |
| Managing Director | | 196 | 196 | (0) | - |
| Corporate Business Support | An underspend has arisen due to vacancies held across the service. | 1,237 | 1,017 | (220) | (513) |
| Total Directorate | | 1,433 | 1,213 | (220) | (513) |

APPENDIX C

Revenue Budget Outturn 2016-2017 – Corporate Services (including Education)

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|---------------------------|--|---|--|----------------------------|---|
| Corporate Services | | | | | |
| Finance Director | | 144 | 142 | (2) | - |
| Audit Services | An underspend has arisen due to vacancies held across the service and changes in working practices. | 1,936 | 1,682 | (254) | (460) |
| Central Corporate Budgets | Managed underspend to offset forecast overspends within the Directorate. | 5,144 | 4,225 | (918) | - |
| Commercial Services | The overspend has arisen as a result of additional resources required to improve contract efficiency and commercialisation. Contract efficiencies will be obtained across the Council. | 608 | 908 | 300 | (10) |
| Corporate Communications | An underspend has arisen due to vacancies held across the service. | 1,893 | 1,628 | (265) | - |
| Customer Services | During 2016-17 it was identified that slower delivery of savings within Customer Services was required in order to maintain service levels during an extensive programme of technological improvements. It is important to note that £500,000 savings were identified during 2016-17. The remaining savings target has now been distributed across the directorates. | 1,969 | 2,312 | 343 | - |
| ICTS | | 4,460 | 4,546 | 86 | - |
| Leisure Services | An overspend was forecast during the financial year and has been contained within Corporate Services. | 1,390 | 1,586 | 196 | - |

APPENDIX C

Revenue Budget Outturn 2016-2017 – Corporate Services (including Education)

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|---------------------------------|-------------------------------|---|--|-------------------------------|--|
| Revenues & Benefits | | 2,130 | 2,119 | (10) | - |
| Service Improvement | | 81 | 81 | 0 | - |
| Strategic Finance | | 2,264 | 2,256 | (8) | (500) |
| The Hub | | 1,689 | 1,751 | 63 | - |
| Total Corporate Services | | 23,706 | 23,237 | (469) | (970) |

APPENDIX C

Revenue Budget Outturn 2016-2017 – Corporate Services (including Education)

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|-------------------------|---|---|--|-------------------------------|--|
| Governance | | | | | |
| Democratic Services | | 2,204 | 2,105 | (99) | - |
| Director of Governance | | 158 | 140 | (18) | - |
| Governance Services | | 534 | 510 | (24) | - |
| Human Resources | An underspend has arisen as a result of lower than anticipated spend against a range of corporate training budgets and vacancies arising as former Transformation Division teams were amalgamated within the service. It is anticipated that training budgets will be fully utilised in future when directorates are provided with workforce planning support through a restructured service. | 3,003 | 2,427 | (577) | (338) |
| Legal Services | An underspend has arisen due to higher than anticipated income levels. | 2,177 | 2,072 | (105) | - |
| Licensing | | (448) | (448) | - | 165 |
| Markets | Income levels have reduced, partly due to temporary charging arrangements extended to Wolverhampton traders. | (856) | (668) | 188 | 25 |
| Total Governance | | 6,772 | 6,139 | (633) | (148) |

APPENDIX C

Revenue Budget Outturn 2016-2017 – Corporate Services (including Education)

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|---------------------------------|---|---|--|----------------------------|---|
| Education | | | | | |
| Director of Education | Overspent as a result of £90,000 savings which were not delivered and increased costs relating to the interim Director of Education. | 134 | 304 | 170 | - |
| School Planning & Resources | Overspend as a result of increased transport costs. | 3,487 | 4,105 | 619 | - |
| Schools | An overspend primarily due to £2.1 million academy deficits being charged to the General Fund. (Forecast at £1.3m q3). Schools also received £170,000 less Education Support Grant for 2016-17 than budgeted and £300,000 more grant was accrued in previous years which has impacted this year's income when the accrual was reversed. | (2,600) | 104 | 2,704 | - |
| Standards and Vulnerable Pupils | There were an increased number of out of city placements in 2016-17. | 742 | 1,373 | 632 | - |
| Total Education | | 1,762 | 5,887 | 4,125 | - |
| | | | | | |
| Total Corporate | | 33,673 | 36,476 | 2,803 | (1,631) |

APPENDIX D

Revenue Budget Outturn 2016-2017 – Corporate Budgets

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|--|--|---|--|----------------------------|---|
| Corporate Budgets | | | | | |
| Treasury Management Budgets | The underspend against the Treasury Management Budget has arisen as a result of rephasing in the capital programme and the prudent management of treasury budgets. | 14,647 | 12,963 | (1,684) | |
| Central Provision for Auto-enrolment and Pay Award Costs | There was an underspend against the budget for auto-enrolment as the provision was not required in 2016-17. This underspend has helped to offset overspends elsewhere within corporate budgets including redundancy costs. | 4,593 | - | (4,593) | |
| West Midlands Transport Levy | Underspend as a result of the levy charge being less than what was estimated at the start of the year. | 11,380 | 11,245 | (135) | |
| Environment Agency Levy | | 67 | 70 | 3 | |
| Provision for Bad Debts | Provision for bad debts was greater than originally budgeted. Work will be undertaken during 2017-18 to further improve the collection performance of outstanding debts, in addition to this a review of the provision methodology will be undertaken to account for the likelihood of collection after twelve months. | 200 | 1,207 | 1,007 | |
| Birmingham Airport - Rent | | (69) | (80) | (11) | |
| Redundancy Costs | Redundancy payments due in 2016-17 arising as a result of the voluntary redundancy programme. | - | 3,611 | 3,611 | |

APPENDIX D

Revenue Budget Outturn 2016-2017 – Corporate Budgets

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|---|--|---|--|----------------------------|---|
| Capital Receipt Flexibility - Redundancy costs | In December 2015, the Secretary of State announced that from 1 April 2016 capital receipts may be used for revenue transformational projects. Capital receipts totalling £1.9 million have been used to offset reorganisation costs. | - | (1,857) | (1,857) | |
| Other Corporate /Transformation Budgets and Contingencies | Underspends arising against other corporate budgets. | 1,811 | (216) | (2,027) | |
| Contribution from BSF refinancing reserve | Contribution to specific reserves | (4,200) | (4,200) | - | |
| Contribution to Pension Deficit Recovery reserve | Contribution to specific reserves | - | 3,037 | 3,037 | |
| Contribution to Regional Work Reserve | Contribution to specific reserves | - | 213 | 213 | |
| Contribution to Homelessness Reserve | Contribution to specific reserves | - | 168 | 168 | |
| Contribution to Efficiency Reserve | Contribution to specific reserves | - | 439 | 439 | |
| Contribution to Business Rates Equalisation Reserve | Contribution to specific reserves | - | 454 | 454 | |

APPENDIX D

Revenue Budget Outturn 2016-2017 – Corporate Budgets

| Service/Budget | Reason for Variation/Comments | Net Controllable Budget 2016-2017 £000 | Net Controllable Outturn 2016-2017 £000 | Variance 2016-2017 £000 | Element Relating to Transfer to/(from) Earmarked Reserves £000 |
|--|--|---|--|-------------------------------|--|
| Reserve Adjustments: | | | | | |
| Contribution to the Efficiency Reserve | Reallocation of the positive General Fund underspend to Earmarked Reserves to ensure sufficient funds are available for future projects. | - | 266 | 266 | |
| | | - | - | - | |
| Total Corporate Budgets | | 28,429 | 27,320 | (1,109) | - |
| | | | | | |
| Total Education | | 28,429 | 27,320 | (1,109) | - |

APPENDIX E

Outturn on Schools' Budgets

Overview

Schools that remain in local authority control started the 2016-2017 financial year with accumulated reserves of £11.9 million. At the end of the year revenue balances for these schools were £8.5 million, a reduction of £3.4 million. This represents 8.09% of the funding and income available to schools during 2016-17.

Schools budget plans collected assumed balances of £4.3 million for 2016-2017 therefore actual balances are £4.2 million greater than forecast.

The table below illustrates the in-year movement by school type

Table 8 - Analysis of Schools Balances 2016-2017

| | Balance at 1 April 2016 £000 | Use of Balances in 2016-2017 £000 | Balance as at 31 March 2017 £000 |
|--------------|------------------------------------|---|--|
| Infant | (489) | 253 | (236) |
| Junior | (564) | 124 | (440) |
| Primary | (6,576) | 1,911 | (4,665) |
| Secondary | 469 | 689 | 1,158 |
| Special | (1,887) | 539 | (1,348) |
| Nursery | (1,427) | 580 | (847) |
| PRU | (1,469) | (608) | (2,077) |
| Total | (11,943) | 3,488 | (8,455) |

Within the City, five schools have now had a balance of over fifteen per cent of their income for five years meaning that the Local Authority is liable to further challenge from the Department for Education with regard to these schools. During 2015-2016 the Local Authority met with head teachers and chairs of governors of schools to agree plans for the use of balances to ensure that they were being used effectively.

In July 2016 an arbitration panel met with eight schools with high levels of balances to consider a recovery of some level of surplus which would be used on school improvement priorities agreed by the school forum. The result of this process was a recovery of £85,000 from a single school, which was added to the reserve and is available for school improvements under a bidding process. In March 2017, the same panel met with four schools, and have again agreed to recover surplus funds from a single school, amounting to £26,000.

Schools may be maintaining balances for:

APPENDIX E

- a) Future cost increases in pension and other pay related costs, whilst they are aware that there will be no increases in funding per pupil for the foreseeable future.
- b) The impact of a national funding formula that has been announced for 2018-2019. It is expected that this will bring significant turbulence in the school funding system and to schools funding settlements.

It is important to note that, as any variances against schools' delegated budgets are transferred either to or from schools' accumulated reserves, their outturn position is financially neutral to the Council's General Fund.

Schools in a Deficit Position

The table below shows that the total number of schools in deficit has increased by two.

Table 9 – Number of Schools in a Deficit Position

| Sector | 2015-2016 | 2016-2017 |
|---------------------|-----------|-----------|
| Infant | - | 1 |
| Junior | - | 1 |
| Primary | 3 | 4 |
| Secondary | 3 | 4 |
| Special | - | - |
| Nursery | - | 1 |
| Pupil Referral Unit | 3 | - |
| Total | 9 | 11 |

Where schools end the financial year in a deficit position they are required to seek the approval of the Local Authority, to operate with a deficit balance. A further report on these will be brought to Cabinet (Resources) Panel in September 2017.

A further £1.8 million has been taken out from the school balances reserve to fund the continued pressures in Out of City placements, effectively borrowing from the 2017-2018 allocation.

APPENDIX F

Housing Revenue Account Revenue Outturn 2016-2017

| | 2016-2017 Budget £000 | 2016-2017 Outturn £000 | 2016-2017 Forecast Variance £000 |
|---|-----------------------------|------------------------------|---|
| Income | | | |
| Gross rents – dwellings | (92,389) | (93,274) | (885) |
| Gross rents – non dwellings | (860) | (847) | 13 |
| Charges to tenants for services and facilities | (5,425) | (5,350) | 75 |
| Total income | (98,674) | (99,471) | (797) |
| | | | |
| Expenditure | | | |
| Repairs and maintenance | 26,104 | 25,763 | (341) |
| Supervision and management | 19,135 | 18,717 | (418) |
| Rents, rates and taxes | 435 | 378 | (57) |
| Increase in provision for bad debts | 2,250 | 2,393 | 143 |
| Depreciation of fixed assets | 22,171 | 22,159 | (12) |
| Total expenditure | 70,095 | 69,410 | (685) |
| | | | |
| Net cost of HRA services | (28,579) | (30,061) | (1,482) |
| Interest payable | 13,597 | 11,141 | (2,456) |
| Interest and investment income | (37) | (61) | (24) |
| Adjustment for premiums and | (287) | (287) | - |
| (Surplus)/deficit before transfers to/from reserves and provision for redemption of debt | (15,306) | (19,268) | (3,962) |
| | | | |
| Allocation of (surplus)/deficit | | | |
| Provision for redemption of debt | 15,306 | (19,238) | 3,962 |
| | | | |
| Balance for the year | - | - | - |

APPENDIX G

National Domestic Rates (NDR) Write offs to be approved by Cabinet

| Account Ref | Reason for Write-off | Write-off amount £ |
|-------------|--------------------------------|--------------------|
| 5110422 | No Trace | 7,778.30 |
| 5109567 | Recovery Prohibited By Statute | 77,720.47 |
| 5102791 | Recovery Prohibited By Statute | 45,645.59 |
| 5107768 | Recovery Prohibited By Statute | 23,730.36 |
| 5101359 | Recovery Prohibited By Statute | 16,880.07 |
| 5058814 | Recovery Prohibited By Statute | 15,199.44 |
| 5058039 | Recovery Prohibited By Statute | 5,178.85 |
| | Total | 192,133.08 |

APPENDIX H

Housing Benefit Write offs to be approved by Cabinet

| Account Ref | Reason for Write-off | Write-off amount £ |
|-------------|----------------------|--------------------|
| 52238 | Deceased | 9,286.00 |
| MATNX003 | Deceased | 5,376.89 |
| | Total | 14,662.89 |

APPENDIX I

Council Tax Write offs to be approved by Cabinet

| Account Ref | Reason for Write-off | Write-off amount £ |
|-------------|--------------------------------|--------------------|
| 2960243223 | No Trace | 5,203.47 |
| 11670021122 | Recovery Prohibited By Statute | 5,206.85 |
| 16900321304 | Recovery Prohibited By Statute | 7,232.47 |
| 61234545497 | No Trace | 5,462.15 |
| | Total | 23,104.94 |